

Washington State Health Care Authority

LEGISLATIVE TEAM MEETING SUMMARY

K-12 HEALTH BENEFITS PROJECT

MONDAY, OCTOBER 31, 2011

CAPITOL CAMPUS – CHERBERG BUILDING – ROOMS A, B & C

1:30 – 4:00 P.M.

Purpose: To meet with key legislative staff, provide an update on the project's progress, and provide an opportunity for participants to discuss and provide important feedback about the new benefits system design considerations.

Additional Resources: <http://www.hca.wa.gov/k12report>

HCA Staff Attending:

- ✓ John Williams
- ✓ Andrew Cherullo
- ✓ Mary Fliss
- ✓ Dennis Martin
- ✓ Annette Meyer

Project Contacts Attending:

- ✓ Peter Summerville, rialto communications
- ✓ Michael Pickett, Point B

Others Attending:

- ✓ Paula Moore
- ✓ Jim Crawford

Legislative Staff

- ☐ = Invited
- ✓ = Invited and able to attend
- ✓ Baker, Stacey Baker.Stacey@leg.wa.gov
- ☐ Ashlie, Erik – Erik.Ashlie@leg.wa.gov
- ☐ Beyer, Jane - Jane.Beyer@leg.wa.gov
- ☐ Blake, Chris - Chris.Blake@leg.wa.gov
- ✓ Greef, Elise - elise.greef@leg.wa.gov
- ☐ Hanig, David - David.Hanig@leg.wa.gov
- ☐ Needham, Mich'l -
Mich'l.Needham@leg.wa.gov
- ✓ Pringle, David - pringle_da@leg.wa.gov
- ☐ Moore, Ryan - Ryan.Moore@leg.wa.gov
- ✓ Sund, Erik - Sund.Erik@leg.wa.gov
- ✓ Hardtke, Brian – hardtke.brian@leg.wa.gov

Materials Distributed:

Printed Draft of K-12 Project Foundational Elements

Meeting Report:

Following introductions, the bulk of the meeting was spent reviewing the K-12 Health Benefits Project Foundational Elements Working Document and asking for feedback about each of the elements. The elements covered each of the following topics:

- Cost-effectiveness and Administrative Efficiency
- Equity
- Transparency
- System Function
- Value-based Purchasing
- System Structure
- Risk Management
- System Roles
- Governance Structure
- Participation Requirements
- Participating Entity
- Eligible Employer Groups
- Eligible Employee Groups
- Eligible Employees
- Eligible Dependents
- State Allocation Formula
- Public Funds Distribution
- Re-Allocation of Un-used Benefit Funds
- Single Subscriber Premium Cost Share
- Employee + Dependent Premium Cost Share
- Employee Point of Service Cost Share
- Employee Premium Minimum Share
- Dual Enrollment – Contribution to Care
- Basic Benefits
- Benefit Plan Portfolio Relative Value Upper Limit
- Benefit Plan Portfolio Relative Value Range
- Minimum Portfolio Plan Offerings
- Statewide Benefit Plan Coverage
- Benefit Plan Portfolio Offerings Available to Employees

Action items:

1. There were no specific action items that resulted from the meeting.

General Discussion Points and Questions

There was discussion about the design elements of cost-neutrality and an update about the data being provided to HCA through Milliman. HCA staff and legislative staff discussed the general notion of how much data are required to make informed purchasing decisions under a consolidated plan. The data for such an effort need to be more fully compiled and include K-12 employee population data as well as the experience data of that population.

Questions were raised about the funds that would be required for a self-insured system versus a fully-insured system. Specifically, if a fully-insured system is selected, does that mean that a self-insured system could be instituted down the road? The response was that the system should start as fully-insured. Conversations with the Advisory Team and Design Team about this topic were shared. The fully-insured approach must be flexible enough to allow for a future move to a self-insured system.

When the topic focused on employee eligibility, a legislative staff question focused on the ability to 'grandfather in' those employees that may not meet a prospective .5 FTE threshold (for those that are under .5 FTE). There was a suggestion that the impact of such a provision might be of interest to legislators. HCA staff pointed out that administering such an option would be extremely difficult to do and could jeopardize the HCA's ability to effectively implement a statewide plan.

The makeup of the benefits plan being modeled was discussed. It was pointed out that the WEA Plan 5 has the highest relative value (is the "richest") of the WEA plans, and that the state model would likely be comparable to the WEA Plan 2. While data are not available as part of this report for 2011, strong anecdotal information is showing there is significant movement away from the richest of these plans to Plan 2.

Premium cost share by employees was discussed. Under PEBB, there is a weighted average across all plans and tiers that roughly averages an 85 percent/15 percent employee composite contribution. Under the current K-12 system, it is a single subscriber average of approximately 4 percent while under family plans it may go as high as 60 percent or higher. It is likely that a consolidated and standardized statewide system will be modeled to

make sure there is a less severe variation between the share of a single subscriber and the share of a family subscriber.

The proposed model should not zero-out the premium for employees.

We talked about running a new consolidated system as part of an all-voluntary approach, and legislative staff asked that the report address the feasibility of an all-voluntary approach. The report will speak to the challenges of running on an all-voluntary system.

The topic of the timing from authorization through implementation was discussed with legislative staff. While the discussion did not recommend changing the date for legislative authorization (the 2012 session), there was a greater understanding of the challenges to implement a plan by the beginning of the 2013 school year and the prospective value of moving implementation to 2014.